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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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A92-2233

[X] Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 1992

Or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

PROCESSED BY
13-13-H
JUL 17 1992

For the transition period from _____ to _____

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THE ARLEN CORPORATION
(Exact name of registrant as specified in its charter)

New York	13-2668657
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
441 Fifth Avenue, New York, New York	10016
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 481-9455

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $1 par value - 30,769,015 shares outstanding as of July 10, 1992.

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THE ARLEN CORPORATION AND SUBSIDIARIES

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THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(UNAUDITED)

	May 31, 1992	May 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$689	$934
Certificates of deposit	192	555
Accounts and notes receivable, net	6,724	4,438
Inventories	2,591	2,324
Other current assets	422	197
TOTAL CURRENT ASSETS	10,618	8,448
PROPERTY AND EQUIPMENT, net	676	501
OTHER ASSETS	1,453	269
TOTAL ASSETS	$12,747	$9,218

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(UNAUDITED)
(Continued)

LIABILITIES AND CAPITAL DEFICIT	May 31, 1992	1991
CURRENT LIABILITIES:		
Notes payable (including $2,636 due to related parties in 1991)	$4,233	$4,058
Accounts payable	1,357	300
Accrued interest payable (including amounts due to related parties of $439 in 1992 and $235 in 1991)	517	350
Accruals:		
Compensation	88	178
State income taxes	1,020	972
Settlements	1,873	1,999
Other	6,278	5,134
Current portion of long-term obligations (including amounts due related parties of $40 in both years)	79	715
Current portion of subordinated amounts due to related parties	1,039	–
TOTAL CURRENT LIABILITIES	16,484	13,706
LONG-TERM OBLIGATIONS (including amounts due to related parties of $2,645 in 1992 and $1,468 in 1991)	2,706	3,643
SUBORDINATED AMOUNTS DUE TO RELATED PARTIES	97,737	88,556
TOTAL LIABILITIES	116,927	105,905
COMMITMENTS AND CONTINGENCIES		
CAPITAL DEFICIT	(104,180)	(96,687)
TOTAL LIABILITIES AND CAPITAL DEFICIT	$12,747	$9,218

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
February 29, 1992
(Dollars in Thousands)
(AUDITED)

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$1,126
Certificates of deposit	190
Accounts and notes receivable, net	5,949
Inventories	2,573
Other current assets	379
TOTAL CURRENT ASSETS	10,217
PROPERTY AND EQUIPMENT, net	698
OTHER ASSETS	1,503
TOTAL ASSETS	$12,418

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
February 29, 1992
(Dollars in Thousands)
(AUDITED)
(Continued)

LIABILITIES AND CAPITAL DEFICIT	
CURRENT LIABILITIES:	
Notes payable	$4,452
Accounts payable	1,238
Accrued interest payable (including $317 due to related parties)	442
Accruals:	
Compensation	77
State income taxes	970
Settlements	1,945
Other	6,063
Current portion of long-term obligations (including $40 due to related parties)	77
Current portion of subordinated amounts due to related parties	996
TOTAL CURRENT LIABILITIES	16,260
LONG-TERM OBLIGATIONS (including $2,612 due to related parties)	2,683
SUBORDINATED AMOUNTS DUE TO RELATED PARTIES	95,860
TOTAL LIABILITIES	114,803
COMMITMENTS AND CONTINGENCIES	
CAPITAL DEFICIT	(102,385)
TOTAL LIABILITIES AND CAPITAL DEFICIT	$12,418

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Per Share Amounts)
(UNAUDITED)

	Three Months Ended May 31,	
	1992	1991
SALES	$7,505	$4,178
COST OF SALES	4,716	2,680
Gross profit on sales	2,789	1,498
CORPORATE, SELLING, GENERAL & ADMINISTRATIVE EXPENSES	2,425	1,195
Operating income	364	303
OTHER (CHARGES) CREDITS:		
Interest expense (including amounts to related parties of $2,062 in 1992 and $1,620 in 1991)	(2,175)	(1,794)
Other income	16	26
Net loss	($1,795)	($1,465)
LOSS PER COMMON SHARE	($0.05)	($0.04)

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(UNAUDITED)

	Three Months Ended May 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	($1,795)	($1,465)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	170	42
Provision for losses on accounts receivable	46	22
Increase in subordinated amounts due to related parties in exchange for interest	1,913	1,536
(Increase) decrease in assets		
Accounts and notes receivable	(821)	(216)
Inventories	(18)	155
Other current assets	(43)	(85)
Increase (decrease) in liabilities		
Accounts payable	119	43
Accrued interest payable	82	16
Accrued compensation	11	(89)
Accrued state income taxes	50	(14)
Accrued settlements	(72)	(61)
Accrued other	215	347
Total adjustments	1,652	1,696
Net cash provided by (used in) operating activities	(143)	231

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(UNAUDITED)
(Continued)

	Three Months Ended May 31,	
	1992	1991
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in proceeds from certificates of deposit	(2)	(5)
Proceeds from sale of certificates of deposit	–	300
Investment in capital assets	(98)	(10)
Investment in other assets	–	(62)
Net cash provided by (used in) investing activities	(100)	223
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on revolving credit line	(4,946)	(300)
Proceeds from revolving credit line	4,944	–
Principal payments on short-term borrowings	(217)	–
Principal payments on long-term borrowings	(29)	(275)
Proceeds from long-term financing	54	116
Net cash used in financing activities	(194)	(459)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(437)	(5)
CASH AND CASH EQUIVALENTS, at February 29, 1992 and February 28, 1991	1,126	939
CASH AND CASH EQUIVALENTS, at May 31, 1992 and 1991	$689	$934
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the three months ended May 31, 1992 and 1991 for interest	$117	$222

See notes to consolidated financial statements

Note A--BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ending February 28, 1993. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the fiscal year ended February 29, 1992.

Note B--LOSS PER SHARE

Loss per common share is computed by dividing the net loss by the weighted average number of common shares and common share equivalents outstanding during each year. Convertible securities that are deemed to be common share equivalents are assumed to have been converted at the beginning of each year. The Company's common share equivalents and convertible issues were anti-dilutive at May 31, 1992 and 1991 and, therefore, were not included in the loss per share computations for these periods. The weighted average number of shares used to compute per share amounts was 32,712,000 for the three month periods ended May 31, 1992 and 1991, respectively, inclusive of Class B common shares.

THE ARLEN CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The ratio of current assets to current liabilities was 0.64 and 0.62 at May 31, 1992 and 1991, respectively. In view of its prior experience with certain of its creditors, the Company believes that it will be able to defer payment of certain current obligations owed to such creditors beyond May 31, 1993. Based upon such belief, the Company expects there to be sufficient cash flow generated from continuing operations to meet the expenses of current operations.

The capital deficit was $104,180,000 at May 31, 1992. As of such date, the Company owed $100,422,000 to present or former officers and/or directors of the Company, or entities controlled by them.

Results of Operations

Sales for the three months ended May 31, 1992 increased by 80% over the corresponding period of the prior year. The increase is due to the addition of sales from the Company's newly acquired subsidiary, G.T. Styling, Inc. ("GTS"), partially offset by a 5% decline in combined sales of the Company's existing subsidiaries, Curtis Partition Corporation ("Curtis") and Grant Products, Inc. (GPI"), for the three months ended May 31, 1992. The sales of Curtis declined by approximately 16% and the sales of GPI declined by less than 1% for the three month period ended May 31, 1992 from the corresponding period of the prior year. The primary reason for the decline in sales of Curtis is believed to be a slowdown in the industry in which it operates.

The increase in cost of sales was almost exclusively a function of the higher sales resulting from the acquisition of GTS, with the gross profit margin of the Company increasing by 3% for the three months ended May 31, 1992 over such margin for the comparable period of the prior year. The increase is primarily the result of the higher margin of GTS, partially offset by a decrease of 2% in the average of the gross profit margins of Curtis and GPI for the three months ended May 31, 1992. Curtis' gross profit margin decreased by 7% for the three months ended May 31, 1992. The primary reasons for the fluctuations were variations in materials cost and competitive pressures. The gross profit margin of GPI remained generally constant for the three months ended May 31, 1992 when compared to that of the same period of the prior year.

The 102% increase in corporate, selling, general and administrative expenses reflects almost entirely the addition of the selling, general and administrative expenses of GTS.

Results of Operations (continued)

Interest expense increased by 21% for the three months ended May 31, 1992 from the corresponding period of the prior year. The increase is primarily the result of compounding of interest on related party obligations and incremental interest on additional long-term borrowings relating mostly to the acquisition of GTS.

Other income, which is largely interest income, declined from the prior year as the Company's cash was used to reduce outstanding loan balances.

The net loss increased by 22% for the three months ended May 31, 1992 from the corresponding period of the prior year for the reasons discussed above.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE ARLEN CORPORATION

Date: July 14, 1992

By _____
Allan J. Marrus
President

Date: July 14, 1992

By _____
David S. Chaiken
Treasurer